

EXHIBIT 56

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,)
Plaintiff,)
v.) Case No.
BARRY C. HONIG, ROBERT LADD, ELLIOT) 18 Civ. 8175(ER)
MAZA, BRIAN KELLER, JOHN H. FORD,)
GRQ CONSULTANTS, INC., AND HS)
CONTRARIAN INVESTMENTS, LLC,)
Defendants.)
_____)

VOLUME 1
VIDEOTAPED DEPOSITION OF ARTHUR MARCUS
VIA VIDEOCONFERENCE
Tuesday, June 21, 2022

Diversified Reporting Services, Inc.
(202) 467-9200

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK
3

4 SECURITIES AND EXCHANGE COMMISSION,)
5 Plaintiff,)

6 v.) Case No.

7 BARRY C. HONIG, ROBERT LADD, ELLIOT) 18 Civ. 8175(ER)

8 MAZA, BRIAN KELLER, JOHN H. FORD,)

9 GRQ CONSULTANTS, INC., AND HS)

10 CONTRARIAN INVESTMENTS, LLC,)

11 Defendants.)

12 _____)

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14
15 Videotaped deposition of Arthur Marcus,
16 taken on behalf of the Plaintiff, all parties appearing
17 remotely via Webex, beginning at 10:03 a.m. EST and
18 ending at 1:25 p.m. EST, on Tuesday, June 21, 2022.
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23

24 Diversified Reporting Services, Inc.

25 (202)467-9200

1 APPEARANCES:

2

3 On behalf of the Securities and Exchange Commission:

4 JACK KAUFMAN, ESQ.

5 NANCY BROWN, ESQ.

6 100 Pearl Street

7 New York, New York

8

9 On behalf of the Witness:

10 SAMEER RASTOGI, ESQ.

11 Sichenzia Ross Ference

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13 New York, NY 10036

14 212-930-9700

15

16 ADAM FORD, ESQ.

17 ANJULA PRASAD, ESQ.

18 Ford O'Brien Landy LLP

19 275 Madison, Floor 24

20 New York, NY 10016

21 212-858-0040

22

23 Also Present:

24 Robert Ladd

25

1 **transaction?**

2 A He was kind of a go-between, my
3 understanding was.

4 **Q Between who and who?**

5 A Between Barry Honig, who was the lead
6 investor, and with company.

7 **Q And when you say a go-between, was -- I**
8 **mean I asked you this before but was he representing Mr.**
9 **Honig on the transaction?**

10 A Not to my knowledge.

11 **Q What does a go-between mean then? I'm just**
12 **trying to understand.**

13 A The general -- he had the contact, so I
14 didn't pick up the phone and called Mr. Honig or there
15 were only people were have to sit in bed. You know,
16 Harvey -- it was easy for Harvey to try and get that
17 information, I guess.

18 **Q Did you understand Mr. Honig -- did he**
19 **convey this information to you to have Mr. Honig's --**

20 A Mr. Honig didn't convey the information to
21 me.

22 **Q I'm sorry. When Mr. Kesner conveyed this**
23 **information to you, was he acting mostly in the interest**
24 **of MGT? Or was he acting in the interest of Mr. Honig?**

25 A I don't know. I'd have to speculate.

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1 **Q Why is it that you would have to speculate?**

2 A It's what his reasoning was for being --I
3 don' have any information as to why he was acting as
4 that, so no.

5 **Q But -- I mean, it sounds like you're saying**
6 **that he may have been acting in the interest of Mr.**
7 **Honig as opposed to MGT. I'm just trying to understand.**

8 MR. FORD: I don't think that's what he
9 said.

10 A I don't think that's the case either. He
11 had familiarized with the lead investor and had a -- was
12 able to call him on the phone, and get information, and
13 get responded to. So that -- he was the one who acted
14 as what I call the go-between.

15 **Q So are you saying that Mr. Kesner law --**
16 **you're saying that he was not conflicted in any way. Is**
17 **that -- is that your testimony in providing this sort of**
18 **information to you?**

19 MR. FORD: I'm going to object to the form
20 of that. It's not --

21 MR. KAUFMAN: Let me rephrase it.

22 **Q Was Mr. Kesner conflicted in any way in**
23 **providing this information?**

24 A It's not my -- I'm not an ethics teacher
25 like that. I don't have -- was he conflicted or not? I

1 A Yeah, I'm just trying to find -- before it
2 was much louder. I haven't been on one of these calls
3 with this service.

4 MR. KAUFMAN: Why don't we go off the
5 record for a second while Mr. Marcus figures that out.
6 (Whereupon a discussion was held off the
7 record.)

8 Q Mr. Marcus, I think you said you understood
9 that Mr. Kesner had worked on other matters involving
10 Mr. Honig. Is that right?

11 A Correct.

12 Q And did you know that Ms. Guarneri-Ferrara
13 had also worked on other matters involving Mr. Honig?

14 A At what time?

15 Q At this time in October 2012, did you know
16 that?

17 A I knew she had worked for Mr. Kesner. I
18 didn't know who exactly she'd worked for.

19 Q And had you known at that time that Mr.
20 Honig had been involved in buying and selling stock of
21 other issuers together with the same group or a similar
22 group of investors, would that have affected your
23 analysis under 13(d) for the 5 percent requirement?

24 A I'm not sure because these deals all have
25 similar investors in them. Like I said, I never knew

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1 this group, but I had dealt with Iroquois in the past
2 and maybe -- and Hudson Bay but not -- so I don't know
3 that it would have.

4 Q Well would it have been something you would
5 have wanted to take into account in analyzing the 13(d)
6 group issue?

7 A Perhaps.

8 Q And why is that?

9 A Just to see if there was a pattern of all
10 these investors investing together. But again, I don't
11 know how much I would have taken into it because you
12 know, even today half these deals all still have the
13 same investors in them. And I don't mean these
14 investors. I mean, there are certain people that are in
15 every deal.

16 Q What deals are you referring to?

17 A To every deal that I do today, every
18 underwritten offering, if you looked at the syndicate,
19 which we don't get into very often, but if you look at
20 who the investors actually are, you know, the same
21 people participate --

22 Q You just -- you just cut out. Sorry, you
23 said the same people?

24 A Ah, the sound came back when I cut out.
25 That was great. I said you get the same type of

1 investors all the time today. Not these investors, but
2 it's not unusual for the same investors to invest in
3 deals. There's a limited audience of these investors
4 and they all seem to pop up in the deals.

5 Q And do they invest together and also sell
6 at the same time?

7 A Not to my knowledge. Just invest. And
8 again, not together. They invested in the same
9 transactions.

10 Q But in this transaction, did you understand
11 that Mr. Honig was investing together with others?

12 A No.

13 Q Was Mr. Honig represented by counsel in
14 this transaction? The 2012 financing.

15 A Not to my knowledge.

16 Q And so you're saying -- well, let me ask
17 you on the investors side -- withdrawn. Were there
18 negotiations over the 2012 financing? The terms of the
19 financing.

20 A Yes.

21 Q And who were the negotiations between?

22 A I guess the investors.

23 MR. RASTOGI: Don't guess.

24 A Then --

25 Q One side of the transaction was MGT. Right?

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1 A You're talking about in 2012? Or --

2 Q **No, 2015.**

3 A Sorry, 2015.

4 Q **No, that's fair.**

5 A In 2015, did I know anything about Mr.

6 O'Rourke? Not particularly, no. I remember --

7 Q **What about Michael -- What about Michael**
8 **Brauser?**

9 A Mark Groussman, his name. Right?

10 Q **Mark Groussman, that's right. Right. And**
11 **now I'm asking you about Michael Brauser. Does that**
12 **name ring a bell?**

13 A It does now, but it didn't, I don't think,
14 then. But yes, I know who --

15 Q **How did you come to hear of Mr. Brauser?**

16 A I don't recall.

17 Q **Did you -- do you recall any of those**
18 **individuals being involved with investors in the 2012**
19 **financing?**

20 A I don't recall, but I could look at the S-1
21 if there was one.

22 Q **Is the fact that if they were involved in**
23 **the 2012 financing, would that affect your view as to**
24 **whether now, in 2015, they're involved in this**
25 **financing, Mr. Honig is acting or might be acting as a**

1 group for Section 13(d) purposes with others? Is that
2 something you would have wanted to know?

3 A Not particularly really. Not by itself
4 certainly.

5 Q I'm sorry? Not by --

6 A Just that fact, no. As I said, you know,
7 if you look at all these deals, they always have certain
8 investors are in every transaction.

9 Q But would that at least be a factor you
10 would want to know? That there was the same investors
11 involved in different transactions?

12 A Not particularly.

13 Q Well would you want to -- would that lead
14 you to ask other questions?

15 A Not particularly, no.

16 Q Just give me a second. Let me just go off
17 the record for a second.

18 (Whereupon a discussion was held off the
19 record.)

20 Q Mr. Marcus, were you aware with respect to
21 the 2012 financing that one of the conditions of the
22 financing was that MGT used \$300,000, one of Honig's
23 conditions, that the company use \$300,000 to promote
24 MGT?

25 A I don't have a recollection of that.

PROOFREADER'S CERTIFICATE

In the Matter of: 18 Civ. 8175(ER)

Witness: Arthur Marcus

Date: Tuesday, June 21, 2022

Location: New York, New York

This is to certify that I, Christine Boyce,
(the undersigned), do hereby certify that the foregoing
transcript is a complete, true and accurate transcription
of all matters contained on the recorded proceedings of
the investigative testimony.

(Proofreader's Name)

6-24-2022

REPORTER'S CERTIFICATE

I, Michael Leichter, reporter, hereby certify that the

foregoing transcript is a complete, true and accurate

transcript of the testimony indicated, held on 6/21/22,

at New York, New York, in the matter of:

LH FINANCIAL.

I further certify that this proceeding was recorded by me,

and that the foregoing transcript has been prepared

under my direction.

6-24-2022